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January 10, 2011

James D. Boyd
Commissioner and Vice Chair
California Energy Commission

Michael R. Peevey
President
California Public Utilities Commission

Mary D. Nichols
Chair
California Air Resources Board

Dear Commissioner Boyd, President Peevey and Chair Nichols:

It has been my distinct pleasure to serve as the Chair of the California Carbon Capture and Storage Review Panel. As Chair, I am pleased to submit the Findings and Recommendations contained in the Panel's Final Report.

This Panel was formed by your three agencies in February 2010 to advise the State of California on what policies, institutional and regulatory changes are needed to enhance greenhouse gas emissions reduction through the use of geologic carbon capture and storage (CCS) in California. The Panel and its supporting technical team were asked to:

1. Identify, discuss, and frame specific policies addressing the role of CCS technology in meeting the State's energy needs and greenhouse gas emission reduction strategies for 2020 and 2050.
2. Support development of a comprehensive legal/regulatory framework for permitting proposed CCS projects consistent with the State's energy and environmental policy objectives.

In its Final Report the Panel has presented a number of specific recommendations to ensure that CCS can play a role in meeting California's GHG emission reduction requirements, and to address regulatory and permitting issues for CCS development in California. Among the key findings are:

1. There is a public benefit from long-term geologic storage of carbon dioxide as a strategy for reducing greenhouse gas emissions to the atmosphere.
2. Technology exists that can safely and effectively capture, transport and storage CO₂ from power plants and other large industrial facilities.
3. There is a need for clear rules under Assembly Bill 32, the Global Warming Solutions Act, and a need for clear and consistent regulatory requirements.

4. There is a need for clear, efficient, and consistent regulatory requirements and authority for permitting all phases of CCS projects in California, including CO2 capture, transport, and storage.

This independent panel of experts had great latitude to deliberate and discuss these issues over the past several months. The Panel publicly met five times in order to address the challenges that face the development and deployment of Carbon Capture and Storage (CCS) in California. The Panel's discussions have taken place in the context of significant CCS developments at the national and international levels.

Because the Panel was national in composition, these public discussions proved to be both robust and stimulating. The Panel members as a whole came to agreement on the Findings and Recommendations; however, at least one Panel member felt strongly that additional information was needed, which I have included as the second attachment to this letter as "Supplemental View to the Findings and Recommendations by the California Carbon Capture and Storage Review Panel."

In addition, a Technical Advisory Team, which was composed of state agencies and expert consultants, have published a series of background papers which provided valuable data and analysis to support the Report's conclusions. These papers and an extensive set of appendices are contained in a companion report which will be made available on the California Institute of Energy and the Environmental website, www.uc-ciee.org. With this letter, I would like to also thank the members of the Technical Advisory Team for their excellent and important technical work.

Finally, I would like to express my personal gratitude to the Members of the Panel, who contributed countless hours of their time and expertise to this effort. I wish you well as you move forward to consider these recommendations for the benefit of all Californians. Feel free to contact me at (412) 337-8796, if I can be of further assistance to your agencies.

Sincerely,



Carl O. Bauer, Chair
California Carbon Capture and Storage Review Panel

Enclosures

Copies to:
Members, California Carbon Capture and Storage Review Panel

Members, CCS Technical Advisory Team